

A. Categorical Program Reforms

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
Budget Control Section 12.70	<i>Governor's Budget: Categorical Program Shift to Revenue Limits</i>	The Governor's Budget proposes to eliminate separate funding for 22 categorical education programs (and shift \$2 billion in funding for those programs into revenue limits in 2004-05. Funds shifted into revenue limits would be available to school districts, county offices of education and charter schools for general purposes, but could also be used to continue funding for specific, categorical program purposes if desired. Local education agencies (LEAs) would receive the same level of overall funding in 2004-05 – specifically 2003-04 funding plus growth and COLAs -- as they would have received under separate categorical program allocations.	Deny Governor's Categorical Reform proposal. Eliminate Budget Control Section 12.70. Pursue categorical reform through policy legislation. (Approved 2-1)		

A. Categorical Program Reforms - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-228-0001	<i>Governor's Budget: Consolidates School Safety Programs in Budget</i>	The Governor Budget proposes to consolidate nearly \$100 million for seven separate school safety programs currently contained in three budget act items into three programs within a single budget item in 2004-05. The Governor proposes to (1) maintain separate funding for the School Safety and Violence Prevention Block Grant program (\$82.1 million) and the School Safety Plans for New Schools Program (\$3.0 million), and (2) consolidate funding for five competitive school safety programs into a new School Safety Competitive Grant program (\$14.6 million).	Approve Governor's Budget with a reduction of \$2.0 million for School Safety Plans for New Schools per LAO recommendation. (Approved 3-0)		

6110-128-0001 & 6110-601-0001	<i>May Revision Finance Letter: General Funds for Charter Schools - Economic Impact Aid and Apportionments (Issues 074, 076)</i>	May Revision reduces Economic Aid funding for charter schools by \$2.8 million to reflect lower estimates of charter school enrollments. In addition, the May Revision reduces charter school apportionments by \$6.3 million to reflect a revised estimate of the cost of shifting the Charter School Block Grant into revenue limits as a part of the Governor's categorical reform proposal.	Restore \$6.3 million for Charter School Block Grant to conform to denial of Governor's categorical reform proposal. (Motion to restore includes restoration of budget item with additional funds, as adjusted by DOF to conform to latest estimates. Approved 2-1)		
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A. Categorical Program Reforms - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
Budget Bill/Trailer Bill Language	<i>LAO Proposal: Budget Bill and/or Trailer Bill Language-- Categorical Programs in Charter School Block Grant</i>	LAO proposes language to clarify the categorical programs that are included in the Charter Schools Block Grant.	Hold Open		
Budget Control Section 12. 40	<i>Governor's Budget: Continues Limited Categorical Program Transfer Authority</i>	The Governor's 2004-05 budget, continues provisions of Control Section 12.40 at the 2003-04 levels -- 10 percent "in" and 15 percent "out". Still referred to as mega-item flexibility, the control section lists only nine different categorical program items -- down from the 20 included in 2003-04. Control Section 12.40 excludes eleven categorical programs that the Governor proposes to consolidate and shift into revenue limits in 2004-05.	Approve Governor's Budget. (Approved 3-0)		

B. Categorical Program Adjustments

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-177-0001	<i>Governor's Budget: Eliminates Funds for Local Arts Education Partnership Program</i>	Governor's Budget eliminates \$6.0 million in funding for the Local Arts Partnership program. This program provides competitive grants to LEAs to support arts education.	Deny Governor's Budget. (Approved 2-1)		
4400-001-0001	<i>Governor's Budget: Reduces Funds for the Early Mental Health Initiative Program (EMHI)</i>	Governor's Budget reduces funding for the Early Mental Health Initiative program by \$5.0 million -- leaving \$5.0 million in remaining funds for the program in 2004-05. EMHI is administered by the Department of Mental Health.	Deny Governor's Budget. (Approved 2-0)		
6110-200-0001	<i>Governor's Budget: Eliminates Funds for Healthy Start Program.</i>	Governor's Budget eliminates the remaining \$2.0 million for the Healthy Start program.	Deny Governor's Budget. (Approved 2-1)		
6110-163-0001	<i>Governor's Budget: Eliminates Funds for Early Intervention for School Success Program.</i>	Governor's Budget eliminates \$2.2 million in funding for the Early Intervention for School Success. This program provides competitive grants to LEAs, which are part of regional partnerships with IHEs, to provide academic assistance and services to pupils to prepare them for admission to California State University and University of California. [Note: The program is due to sunset July 1, 2005.]	Approve Governor's Budget. (Approved 3-0)		

B. Categorical Program Adjustments - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-243-0001	<i>Governor's Budget: Eliminate Funding for Academics Improvement and Achievement Program</i>	Governor's Budget eliminates \$5.0 million for the Academic Improvement and Achievement program. This program provides competitive grants to LEAs, which are part of regional partnerships with IHEs, to provide academic assistance and services to pupils to prepare them for admission to California State University and University of California. [Note: The program is due to sunset July 1, 2005.]	Approve Governor's Budget. (Approved 3-0)		
6110-164-0001	<i>Governor's Budget: Eliminates Funds for School -to- Career Partnerships</i>	Provides grants to LEAs to support local school-to-career partnerships. [Note: Administration of this program was shifted from the Office of the Secretary for Education to CDE in 2003-04.]	Deny Governor's Budget. (Approved 2-0)		
6110-130-0001	<i>May Revision Finance Letter: Reduce AVID Teacher Training Program. (Issue 713)</i>	May Revision reduces funding for the AVID program by \$1,265,000 to cut funding for advanced placement teacher training. This is an effective, low-cost college preparatory program for students from disadvantaged families. The teacher training component is considered integral to the effectiveness of the program.	Deny May Revision. (Approved 2-1)		

C. Emergency Loan - General Fund (Non-98)

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-625-0001	<i>May Revision Finance Letter: Reimburse General Fund for Emergency Loan Repayments (Issue 055)</i>	May Revision would reimburse General Fund for loan repayments of \$167,127,000 to reflect a new proposal to issue lease-revenue bonds through the State Infrastructure Bank. These new bonds would repay the General Fund for outlays for school district emergency loans in the Oakland USD, West Contra Costa USD and Vallejo City USD (pending). This proposal will be implemented pursuant to pending legislation.	More information needed.	DOF developing TB to implement.	
6110-615-0001	<i>May Revision Finance Letter: Monterey Peninsula Unified School District Loan Repayment (Issue 052)</i>	May Revision reflects loan repayments in the amount of \$4,376,000 in the 2002-03 fiscal year and increased by \$1,676,000 in both 2002-03 and 2003-04 to reflect early payoff of the loan provided to the Monterey Peninsula Unified School District, pursuant to Chapter 886, Statutes of 1993. This emergency loan addressed the loss of enrollment related to military base closure.	Approve May Revision. (Approved 3-0)		

6110-615-0001 (Issue 052) A158	<i>May Revision Finance Letter: Local Assistance, Vallejo City Unified Schools District Emergency Loan Set -Aside (Issue 054)</i>	May Revision sets-aside \$60 million in current year funding for the impending emergency loan to the Vallejo City Unified Schools District, pending SB 1190 (Chesbro). The budget year repayment of this emergency loan, given current interest rates, is estimated at \$3,495,000.	Approve May Revision. (Approved 3-0)	CY	
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D. Reversions

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-497	<i>May Revision Finance Letter: General Fund Reversions from Professional Development Institutes program. (Issue 179)</i>	May Revision reverts \$35.0 million in General Funds (Non-Prop 98) from the unexpended balance of funds appropriated by the Budget Act of 2001 for the Professional Development Institutes program. Previously administered by CDE, this program was eliminated in 2003.	Approve May Revision. (Approved 3-0)		
6110-495	<i>May Revision Finance Letter: Proposition 98 Reversions (Issues 0001,010, 011, 012, 013, 014, 028, 029, 159, 165, 177, 178, 179, 300, 350, and 675)</i>	May Revision proposes to revert approximately \$96 million in unexpended funds from a variety of education programs to the Proposition 98 Reversion Account in 2003-04. These amounts will be used for future expenditures for other Proposition 98 purposes. The \$96 million includes \$50 million in funds from the CSR program.	Approve May Revision. (Motion to approve with language to specify "up to 96 million". Approved 3-0)		
6110-496	May Revision: Adds Budget Bill Language to Provide Authority for Minimal Fund Reversions (Issue 345)	May Revision adds language to allow for the reversion of funds certified by the Superintendent of Public Instruction from program funding accounts when the amount available for reversion is \$20,000 or less.	Approve May Revision with change in amount for reversion to \$50,000 or less. (Approved 3-0)		

E. Lottery Funds

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision
6110-101-0814	<i>May Revise Finance Letter: Increase in State Lottery Revenues to the Department of Education for Local Assistance to Public Schools (Issue 001)</i>	May Revision increases local assistance funding to public schools by \$13,459,000 to reflect additional, estimated State Lottery revenues. This additional funding will bring total Lottery revenues to \$806,755,000 for local schools in 2004-05.	Approve May Revision (Approved 3-0)		
006-0001	<i>May Revise Finance Letter: Decrease in State Lottery Revenues to the State Special Schools (Issue 001)</i>	May Revision decreases State Lottery Revenues to State Special Schools by \$6.0 million to reflect new revenue estimates and a lower allocation based upon decline in enrollment.	Approve May Revision (Approved 3-0)		
Budget Trailer Bill Language	<i>May Revise: Budget Trailer Bill to Direct Increased State Lottery Revenues to Purchase of Instructional Materials</i>	Governor proposes trailer bill language that specifies that any increased State Lottery revenues for public schools shall be used for purchase of instructional materials. Under current law, 50 percent of the increased Lottery revenues shall be used for instructional materials.	More information needed. (Administration Rescinded Proposal)	TB Language	

F. Educational Technology -- Internet 2

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-182-0001	<i>Governor's Budget: Augmentation for New K-12 Technology Categorical Program</i>	Governor's Budget provides \$21 million in Proposition 98 funding to county offices of education to maintain Internet 2 connectivity and network infrastructure for K-12 LEAs. If available, funds could be used to expand the program to other schools and school districts.	Deny Governor's Budget Augmentation. (Motion to approve Governor's Budget with language to provide first priority for connecting additional districts. Approved 2-0)		
6110-182-0001	<i>May Revision Finance Letter: Add Budget Language for Internet 2 Item (Issue 338)</i>	May Revision requests that existing provisional language in Item 6110-182-0001 be replaced entirely with new language that specifies how the program is structured and how funds are allocated. See attached language.	Conform Action to Funding. (Approved Governor's Budget language 2-0)	BBL	

G. Accountability (General Funds & Federal Funds)

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-123-0890	<i>May Revision Finance Letter: Increased Funding Authority for Federal Comprehensive School Reform program. (Issue 157)</i>	May Revision provides increased federal funding of \$32.7 million for the Comprehensive School Reform program. This increases funding for the program to \$42.7 million, which will be available pursuant to legislation regarding the Comprehensive School Reform Program.	Approve May Revision. (Approved 3-0)	TB & Conforming provisional language.	
6110-136-0890	<i>May Revision Finance Letter: Increased Federal Title I School Improvement Funding. (Issues 158 & 165)</i>	May Revision increases funding by \$28.2 million to reflect Title I School Improvement carryover funds. This increases funding for the program to \$100.6 million of which \$67.9 will be appropriated pursuant to legislation regarding district accountability. The May Revision also increases funding for Statewide System of School Support by \$2.5 million.	Approve May Revision. (Approved 3-0, with updated figures per DOF)	TB & Conforming provisional language.	

H. Special Education (General Funds & Federal Funds) - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-161-0890	<i>May Revision Finance Letter: Increased Federal Special Education Funding (Issue 201 and 204)</i>	May Revision increases funding authority by \$63,673,000 to reflect an increase in the federal IDEA -Part B grant in 2004-05. Of these funds, \$31.0 million are set-aside to provide additional funding for mental health services subject to legislation.	Approve May Revision. (Hold Open)	TB & Conforming provisional language	
6110-161-0001	<i>May Revision Finance Letter: Adjustments to Special Education Local Assistance (Issues 211, 212, 213, 214)</i>	May Revision makes the following changes to General Funds for Special Education program:	Approve May Revision. (Approved 3-0)		
	Issue 211	Decreases funding by \$25.5 million to reflect a decrease in prior year growth.	Approve May Revision. (Approved 3-0)		
	Issue 212	Increases General Funds by \$47.3 million due to a decrease in estimated Property Tax Revenues for Special Education.	Approve May Revision. (Approved 3-0)		
	Issue 213	Decreases General Funds by \$35.4 million due to an increase in federal IDEA funds.	Approve May Revision. (Approved 3-0)		

	Issue 214	Increases General Funds by \$38.4 million for use towards a new funding formula for non-public, non-sectarian school placements for students with exceptional needs who reside in licensed children's institutions. The revised funding formula will be developed pursuant to legislation.	Approve May Revision. (Approved 3-0)	TB & Conforming provisional language.	
H. Special Education (General Funds & Federal Funds) - continued					
Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
	Issue 215	Adds provisional language to specify pass through of federal IDEA funds to be used to provide \$31.0 million for special education mental health services pursuant to legislation.	Approve May Revision. (Hold Open)	TB & Conforming provisional language.	
6110-161-0890	April Finance Letter: Adjustments to Federal Special Education Funds (Issues 200, 203)	April Finance Letter increased by a total of \$2,906,000, including \$363,000 to reflect an increase in the Capacity Building Schedule as the result of a technical error and \$2,543,000 for additional local assistance carryover authority for 2002-03 federal IDEA funds.	Approve April Finance Letter. (Approved 3-0)		

I. Title I - Reading First Program (Federal Funds)

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-126-0890	<i>May Revision Finance Letter: Increased Carryover Authority for Federal Reading First Program (Issue 182)</i>	May Revision provides an increase of \$29.0 million, which includes a reduction of \$578,000 to align with estimated grant levels and \$29.6 million in one-time carryover funds. Carryover funds will be used to increase teachers grants to \$8,000 (from \$6,500) for teachers that agree to provide diagnostic reading assessments and remedial reading instruction to lower the number of special education referrals for students who are reading below grade level. Funds will also be used to expand Reading First grants. This Governor's January Budget provides \$145.2 million in ongoing funding for the program.	More information needed.	Conforming provisional language.	

J. Vocational Education -- Federal Funds

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-166-0890	<i>May Revision Finance Letter: (Issue 199)</i>	May Revision increases appropriation authority for Vocational Education programs by \$919,000 in order to reflect additional federal funding.	Approve May Revision.		

K. Mandates

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-113-0001	<i>May Revise Letter: Adds Mandates Language for State Assessments -- General Funds (Issue 165)</i>	May Revision adds language to require LEAs to use General Funds provided for STAR, CAHSEE and CELDT tests in this budget item to be used first to offset any state-mandated reimbursable costs.	Approve May Revision. (Approved 3-0)	Conforming provisional language.	
6110-113-0890	<i>May Revise Letter: Adds Mandates Language for State Assessments -- Federal Funds (Issue 166)</i>	May Revision adds language to require LEAs to use federal funding provided for STAR, CAHSEE, CELDT and CAPA assessments in this budget item to be used first to offset any state-mandated reimbursable costs.	Approve May Revision. (Approved 3-0)	Conforming provisional language.	
6110-107-0001	<i>LAO Proposal: Offsetting Revenues Language for K-12 Mandates: County Office of Education Oversight</i>	LAO proposes language to require that funds appropriated for county office fiscal oversight be used first to offset any state-mandated costs for such activities.	Approve LAO Language. (Approved 3-0)		
6110-104-001	<i>LAO Proposal: Offsetting Revenues Language for K-12 Mandates: Remedial Instruction</i>	LAO proposes language to require that funds appropriated for supplemental instruction be used first to offset any state-mandated costs for such activities.	Approve LAO Language. (Approved 3-0)		

L. State Operations (General Funds & Federal Funds)

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-001-0001	<i>May Revision Finance Letter: Suspend state Physical Fitness Test report. (Issue 710)</i>	May Revision reduces funding by \$50,000 to eliminate state reporting of local physical fitness assessment results.	<p>Approve May Revision with substitute Budget Bill language:</p> <p>"The report required by Education Code section 60800 is not required to be printed and mailed, but shall be compiled and reported electronically." (Approved 3-0)</p>		
6110-001-0890	<i>April Finance Letter: Increase Federal Funding Authority and Staff for School Improvement (Issue 150)</i>	April Finance Letter increases funding by \$93,000 and one Education Research and Evaluation Consultant position to process and monitor statewide assessment data for determining Adequate Yearly Progress and identifying Program Improvement schools pursuant to NCLB.	<p>Discussed on 4/26; no motion. (Approved April Letter, 2-0)</p>		